

FINANCIAL HIGHLIGHTS

(dollars in millions)	Years Ended September 30			Percentage Change from Preceding Year		
	1998	1997	1996	1998	1997	1996
Operating revenue	\$ 60,072	\$58,216	\$56,402	3.2%	3.2%	3.9%
Operating expenses	57,778	54,873	53,113	5.3%	3.3%	4.7%
Operating income	2,294	3,343	3,289			
Operating margin	3.8%	5.7%	5.8%			
Federal POD costs shifted to USPS ⁽¹⁾	\$ 8	\$ 258	\$ —			
Net income	550	1,264	1,567			
Capital cash outlays ⁽²⁾	\$ 2,950	\$ 3,075	\$ 2,296	-4.1%	33.9%	27.3%
Total debt	6,421	5,872	5,919	9.3%	-0.8%	-18.7%
Interest expense on borrowings	\$ 167	307	368	-45.6%	-16.6%	-35.0%
Capital contributions of U.S. Government	\$ 3,034	\$ 3,034	\$ 3,034			
Accumulated losses at end of year ⁽³⁾	(3,844)	(4,394)	(5,658)			
Total net capital deficiency ⁽⁴⁾	(810)	(1,360)	(2,624)			
Number of career employees ⁽⁵⁾	792,041	765,174	760,966	3.5%	0.6%	1.0%
Mail volume (millions of pieces) ⁽⁶⁾	197,943	190,888	183,439	3.7%	4.1%	1.5%

(1) The federal government transferred pre-1972 Post Office Department (POD) workers' compensation expenses to the Postal Service in 1997. See page 43 for a complete explanation.

(2) Does not include capital leases and impact of reclassifications and adjustments included in audited financial statements.

(3) Losses accumulated since Postal Service was created in 1971 with mandate to set rates such that revenue covers costs.

(4) Net capital deficiency equals capital contributions less accumulated losses at beginning of year plus net income.

(5) Actual number of employees

(6) 1996 Revised

